



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**FILED**

Order Instituting Rulemaking Concerning Relationship  
Between California Energy Utilities and Their Holding  
Companies and Non-Regulated Affiliates

11-06-06  
02:54 PM  
Rulemaking 05-10-030  
(Filed October 27, 2005)

**REPLY COMMENTS OF THE GREENLINING INSTITUTE**

ROBERT GNAIZDA  
CHRIS VAETH  
The Greenlining Institute  
1918 University Avenue, Second Floor  
Berkeley, CA 94704  
Telephone: 510 926 4006  
Facsimile: 510 926 4010  
E-mail: robertg@greenlining.org

November 6, 2006

## **BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Concerning Relationship  
Between California Energy Utilities and Their Holding  
Companies and Non-Regulated Affiliates

Rulemaking 05-10-030  
(Filed October 27, 2005)

### **REPLY COMMENTS OF THE GREENLINING INSTITUTE**

On October 27, Greenlining filed its opening comments supporting the proposed decision. On October 27, the joint utilities, represented by So Cal Edison, filed their response to the proposed order. The utility respondents stated unequivocal support for General Order 77-M. They stated “Respondents support the proposed changes to General Order 77-L as codified in new General Order 77-M.

Respondents, however, request one minor modification, which Greenlining accepts. They would like to file their annual report with an auditor’s letter on May 31 rather than March 31 in order to allow sufficient time to obtain the independent audit. This is reasonable.

It should also be noted that Greenlining, in its opening comments (pp. 6-7), stated that it had no objection to eliminating reporting of salaries below a \$250,000 base salary. Greenlining also stated that it had no objection to the utilities’ suggestion at the hearing that there should be inflation adjustments. Greenlining, in its comments, suggest an inflation adjustment such as from \$250,000 to \$300,000 whenever inflation is increased in aggregate by 20%. This would allow adjustments every five to seven years.

#### Independent Study on Who Assumes the Cost of Top Executive Compensation

Greenlining’s Opening Comments (pp. 4-6) urge a study on who actually bears the cost of top level executive compensation (shareholders or ratepayers) and that such a study be ordered after a final decision is reached herein or alternatively in upcoming rate proceedings. The utility respondents are apparently silent on this. Related to this is the November 2, 2006 *Financial Times* article stating that

executive compensation consultants such as those hired by the respondents improperly inflate CEO compensation packages.

See *Financial Times*, November 2, 2006, in which the Chairman and CEO of General Electric is quoted as urging corporate leaders in the U.S. to ensure that their pay does not dramatically outstrip that of their senior managers. This Chairman and CEO, Jeffrey Immelt, also urged them to limit the influence of compensation consultants [such as those used by the three energy utilities] As a result, a coalition of pension funds with \$850 billion in assets sent letters of warning to the 25 largest U.S. corporations.

Commissioner Bohn's Comments in Context of Illinois Election on Executive Compensation at Utilities

Commissioner Bohn raised the issue of executive compensation being directly related to ratepayer contributions through value of stock options. On Tuesday, November 7, according to the *New York Times* ("Executive Pay Becomes Political", November 5, 2006), Illinois voters will be voting in effect on executive compensation at Illinois' two major utility companies. Rates are set to rise by 25% – 75% and, according to the *New York Times*, "will result in fatter pay for those running the utilities, even as the very same increases lighten the wallets of consumers."

As the article states, the utility executives stand to enjoy stock option gains "not because they have worked managerial magic on their bottom lines, but simply because consumers are paying more for electricity. Opponents of the rate increase have shrewdly framed the situation in these terms."

Dated: November 6, 2006

Respectfully submitted,

/s/ Robert Gnaizda

Robert Gnaizda  
Chris Vaeth  
The Greenlining Institute

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Concerning Relationship  
Between California Energy Utilities and Their Holding  
Companies and Non-Regulated Affiliates

Rulemaking 05-10-030  
(Filed October 27, 2005)

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of:

**REPLY COMMENTS OF THE GREENLINING INSTITUTE**

on all known parties to the above-captioned proceedings by mailing a properly addressed copy by first-class mail with postage prepaid, transmitting a facsimile copy, and/or transmitting an electronic copy to each party named in the official service list as maintained on the California Public Utilities Commission's web page.

Executed on November 6, 2006 at Berkeley, California.

/s/ Chris Vaeth  
Chris Vaeth

# SERVICE LIST

## Appearance

DAVID J. GILMORE  
ATTORNEY AT LAW  
SEMPRA ENERGY  
555 WEST FIFTH STREET  
LOS ANGELES, CA 90013-1011

DANIEL W. DOUGLASS  
ATTORNEY AT LAW  
DOUGLASS & LIDDELL  
21700 OXNARD STREET, SUITE 1030  
WOODLAND HILLS, CA 91367

DAVID E. VAN IDERSTINE  
ATTORNEY AT LAW  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE, ROOM 345  
ROSEMEAD, CA 91770

DANIEL A. KING  
SEMPRA ENERGY  
101 ASH STREET, HQ13  
SAN DIEGO, CA 92101

LISA G. URICK  
ATTORNEY AT LAW  
SAN DIEGO GAS & ELECTRIC COMPANY  
101 ASH STREET  
SAN DIEGO, CA 92101

STEVEN C. NELSON  
ATTORNEY FOR SEMpra ENERGY  
101 ASH STREET HQ 13D  
SAN DIEGO, CA 92101-3017

MICHAEL SHAMES  
ATTORNEY AT LAW  
UTILITY CONSUMERS' ACTION NETWORK  
3100 FIFTH AVENUE, SUITE B  
SAN DIEGO, CA 92103

MARC D. JOSEPH  
ATTORNEY AT LAW  
ADAMS, BROADWELL, JOSEPH & CARDOZO  
601 GATEWAY BLVD., STE. 1000  
SOUTH SAN FRANCISCO, CA 94080

MARCEL HAWIGER  
ATTORNEY AT LAW  
THE UTILITY REFORM NETWORK  
GAS BRA  
711 VAN NESS AVENUE, SUITE 350  
SAN FRANCISCO, CA 94102

JAMES R. WUEHLER  
CALIF PUBLIC UTILITIES COMMISSION  
ENERGY COST OF SERVICE & NATURAL  
ROOM 4208  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

LISA-MARIE SALVACION  
CALIF PUBLIC UTILITIES COMMISSION  
LEGAL DIVISION  
ROOM 4107  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

FREDERICK BROWN  
ATTORNEY FOR SEMpra ENERGY  
GIBSON, DUNN & CRUTCHER, LLP  
ONE MONTGOMERY STREET  
SAN FRANCISCO, CA 94104-4505

DOREEN LUDEMANN

JOSEPH M. MALKIN

LEGAL DEPARTMENT  
PG&E NATIONAL ENERGY GROUP  
ONE MARKET, SPEAR TOWER, STE. 400  
SAN FRANCISCO, CA 94105

ATTORNEY AT LAW  
ORRICK, HERRINGTON & SUTCLIFFE LLP  
405 HOWARD STREET  
SAN FRANCISCO, CA 94105

BRIAN T. CRAGG  
ATTORNEY AT LAW  
GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP  
505 SANSOME STREET, SUITE 900  
SAN FRANCISCO, CA 94111

SHIRLEY WOO  
ATTORNEY AT LAW  
PACIFIC GAS AND ELECTRIC COMPANY  
PO BOX 7442  
SAN FRANCISCO, CA 94120

ALEXIS K. WODTKE  
ATTORNEY AT LAW  
CONSUMER FEDERATION OF CALIFORNIA (CFC)  
520 S. EL CAMINO REAL, STE. 340  
FLOOR  
SAN MATEO, CA 94402

CHRISTOPHER VAETH  
DIRECTOR, SPECIAL PROJECTS  
THE GREENLINING INSTITUTE  
1918 UNIVERSITY AVENUE, SECOND  
BERKELEY, CA 94704

ROBERT GNAIZDA  
POLICY DIRECTOR/GENERAL COUNSEL  
THE GREENLINING INSTITUTE  
1918 UNIVERSITY AVENUE, SECOND FLOOR  
BERKELEY, CA 94704

GAYATRI SCHILBERG  
JBS ENERGY  
311 D STREET, SUITE A  
WEST SACRAMENTO, CA 95605

JAMES WEIL  
DIRECTOR  
AGLET CONSUMER ALLIANCE  
PO BOX 37  
COOL, CA 95614

RICHARD ROBINSON & ASSOCIATES, INC.  
1121 L STREET, SUITE 310  
SACRAMENTO, CA 95814

ANDREW B. BROWN  
ATTORNEY AT LAW  
ELLISON, SCHNEIDER & HARRIS, LLP  
GAS BRA  
2015 H STREET  
SACRAMENTO, CA 95814

MARK WATERWORTH  
CALIF PUBLIC UTILITIES COMMISSION  
ENERGY COST OF SERVICE & NATURAL  
770 L STREET, SUITE 1050  
SACRAMENTO, CA 95814

STEVEN KELLY  
INDEPENDENT ENERGY PRODUCERS ASSOCIATION  
1516 K STREET, SUITE 900  
SACRAMENTO, CA 95814

## Information Only

ANDREW W. BETTWY  
ATTORNEY AT LAW  
AFFAIRS  
SOUTHWEST GAS CORPORATION  
5241 SPRING MOUNTAIN ROAD  
LAS VEGAS, NV 89102

BRIDGET B. JENSEN  
ASSOCIATE GENERAL COUNSEL/LEGAL

SOUTHWEST GAS CORPORATION  
5241 SPRING MOUNTAIN ROAD  
LAS VEGAS, NV 89150-0002

HENRY WEISSMAN  
MUNGER, TOLLES & OLSON LLP  
SUITE 3500  
355 SOUTH GRAND STREET  
LOS ANGELES, CA 90071

NORMAN A. PEDERSEN  
ATTORNEY  
HANNA AND MORTON LLP  
444 SOUTH FLOWER ST. SUITE 2050  
LOS ANGELES, CA 90071-2922

CASE ADMINISTRATION  
SOUTHERN CALIFORNIA EDISON COMPANY  
ROOM 370  
2244 WALNUT GROVE AVENUE  
ROSEMEAD, CA 91770

THOMAS K. BRAUN  
ATTORNEY AT LAW  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE, ROOM 345  
ROSEMEAD, CA 91770

DON WOOD SR.  
PACIFIC ENERGY POLICY CENTER  
4539 LEE AVENUE  
LA MESA, CA 91941

CENTRAL FILES  
SAN DIEGO GAS AND ELECTRIC COMPANY  
101 ASH STREET, CP31E  
SAN DIEGO, CA 92101

DONALD C. LIDDELL, PC  
DOUGLAS & LIDDELL  
2928 2ND AVENUE  
LAW  
SAN DIEGO, CA 92103

SCOTT J. ANDERS  
RESEARCH/ADMINISTRATIVE DIRECTOR  
UNIVERSITY OF SAN DIEGO SCHOOL OF  
  
5998 ALCALA PARK  
SAN DIEGO, CA 92110

GINA DIXON  
SAN DIEGO GAS & ELECTRIC COMPANY  
MAIL STOP CP32H  
LLP  
8330 CENTURY PARK COURT  
SAN DIEGO, CA 92123

JOHN W. LESLIE  
ATTORNEY AT LAW  
LUCE, FORWARD, HAMILTON & SCRIPPS,  
  
11988 EL CAMINO REAL, SUITE 200  
SAN DIEGO, CA 92130

ELAINE M. DUNCAN  
ATTORNEY AT LAW  
VERIZON

MARZIA ZAFAR  
SAN DIEGO GAS & ELECTRIC/SOCAL GAS  
601 VAN NESS AVENUE, SUITE 2060

711 VAN NESS AVENUE, SUITE 300  
SAN FRANCISCO, CA 94102

SAN FRANCISCO, CA 94102

REGINA COSTA  
THE UTILITY REFORM NETWORK  
711 VAN NESS AVENUE, SUITE 350  
SAN FRANCISCO, CA 94102

KAREN TERRANOVA  
ALCANTAR & KAHL, LLP  
120 MONTGOMERY STREET, STE 2200  
SAN FRANCISCO, CA 94104

ANGELA TORR  
PACIFIC GAS & ELECTRIC COMPANY  
77 BEALE STREET, RM. 1058, B10A  
SAN FRANCISCO, CA 94105

KAREN FORSGARD  
PACIFIC GAS AND ELECTRIC COMPANY  
77 BEALE STREET, B10A  
SAN FRANCISCO, CA 94105

LESLIE DANIELSON  
PACIFIC GAS AND ELECTRIC COMPANY  
77 BEALE STREET, B10A  
SAN FRANCISCO, CA 94105

RANDY JONES  
301 HOWARD ST. STE. 1200  
SAN FRANCISCO, CA 94105-2252

BURTON A. GROSS  
ATTORNEY AT LAW  
MUNGER, TOLLES & OLSON, LLP  
560 MISSION ST., 27TH FLOOR  
SAN FRANCISCO, CA 94105-9781

CALIFORNIA ENERGY MARKETS  
517-B POTRERO AVENUE  
SAN FRANCISCO, CA 94110

CHRIS RAPHAEL  
CALIFORNIA ENERGY MARKETS  
517 - B POTRERO AVENUE  
DAY, LLP  
SAN FRANCISCO, CA 94110

JOSEPH F. WIEDMAN  
ATTORNEY AT LAW  
GOODIN MACBRIDE SQUERI RITCHIE &  
505 SANSOME STREET, SUITE 900  
SAN FRANCISCO, CA 94111

MARK P. SCHREIBER  
ATTORNEY AT LAW  
COOPER, WHITE & COOPER, LLP  
201 CALIFORNIA STREET, 17TH FLOOR  
SAN FRANCISCO, CA 94111

PATRICK M. ROSVALL  
ATTORNEY AT LAW  
COOPER, WHITE & COOPER, LLP  
201 CALIFORNIA STREET, 17TH FLOOR  
SAN FRANCISCO, CA 94111

LAW DEPARTMENT FILE ROOM  
PACIFIC GAS AND ELECTRIC COMPANY  
PO BOX 7442

J.A. SAVAGE  
CALIFORNIA ENERGY CIRCUIT  
3006 SHEFFIELD AVE.



SAN FRANCISCO, CA 94120-7442

OAKLAND, CA 94602

MRW & ASSOCIATES, INC.  
1999 HARRISON STREET, SUITE 1440  
FLOOR  
OAKLAND, CA 94612

PAMELA PALPALLATOC  
THE GREENLINING INSTITUTE  
1918 UNIVERSITY AVENUE, SECOND  
BERKELEY, CA 94704

SAMUEL KANG  
ECONOMIC DEVELOPMENT ASSOCIATE  
THE GREENLINING INSTITUTE  
1918 UNIVERSITY AVENUE, 2ND FLOOR  
BERKELEY, CA 94704

RICHARD MCCANN, PH.D  
M. CUBED  
2655 PORTAGE BAY, SUITE 3  
DAVIS, CA 95616

SAEED FARROKHPAY  
FEDERAL ENERGY REGULATORY COMMISSION  
110 BLUE RAVINE RD., SUITE 107  
FOLSOM, CA 95630

DONALD BROOKHYSER  
ATTORNEY AT LAW  
ALCANTAR & KAHL LLP  
1300 S.W. 5TH AVENUE, SUITE 1750  
PORTLAND, OR 97201

ELIZABETH WESTBY  
ALCANTAR & KAHL, LLP  
1300 SW FIFTH AVENUE, SUITE 1750  
PORTLAND, OR 97201

SHAY LABRAY  
MANAGER, REGULATORY  
PACIFICORP  
825 NE MULTNOMAH, SUITE 2000  
PORTLAND, OR 97232

## State Service

ANNADEL ALMENDRAS  
OFFICE OF THE ATTORNEY GENERAL  
455 GOLDEN GATE AVENUE, SUITE 11000  
SAN FRANCISCO, CA 94102  
SECTION

CLARENCE BINNINGER  
DEPUTY ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE  
ENERGY & CORPORATE RESPONSIBILITY

455 GOLDEN GATE AVENUE, SUITE 11000  
SAN FRANCISCO, CA 94102

ARAM SHUMAVON  
CALIF PUBLIC UTILITIES COMMISSION  
EXECUTIVE DIVISION  
ROOM 5306  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

HARVEY Y. MORRIS  
CALIF PUBLIC UTILITIES COMMISSION  
LEGAL DIVISION  
ROOM 5036  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

JACK FULCHER  
CALIF PUBLIC UTILITIES COMMISSION  
RATEMAKING BRANCH  
JUDGES  
AREA 4-A  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

JEAN VIETH  
CALIF PUBLIC UTILITIES COMMISSION  
DIVISION OF ADMINISTRATIVE LAW  
  
ROOM 5010  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

KAREN P. PAULL  
CALIF PUBLIC UTILITIES COMMISSION  
LEGAL DIVISION  
ROOM 4300  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

MARYAM GHADESSI  
CALIF PUBLIC UTILITIES COMMISSION  
RATEMAKING BRANCH  
AREA 4-A  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

PETER HANSON  
CALIF PUBLIC UTILITIES COMMISSION  
EXECUTIVE DIVISION  
BRAN  
ROOM 4104  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

SEAN WILSON  
CALIF PUBLIC UTILITIES COMMISSION  
UTILITY AUDIT, FINANCE & COMPLIANCE  
  
AREA 3-C  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214